



American Energy Production Myth vs. Fact

GAS PRICES:

MYTH: Increasing domestic oil and natural gas production will not immediately decrease the price of gasoline.

FACT:

- The price of gasoline is based on supply and demand. That's why we need to increase the supply of American energy.
- Expectations about future production also affect today's prices. Even if it takes several years for new American oil and gas development to be producing at full capacity, beginning the projects today will calm market questions about the future. For example, when President Bush lifted the moratorium in 2008, the price of oil dropped over \$9 just during the speech alone.
- It's better to produce our own American energy – and create American jobs – rather than continue to be held hostage to unstable, hostile foreign countries.
- For decades this argument has been used as an excuse not to act. We can no longer delay and prevent access to our own American resources.

MYTH: The U.S. should tap the Strategic Petroleum Reserve (SPR) to lower prices.

FACT:

- SPR was created for national security emergencies, major supply shutdowns, cut-offs or disasters. None of these situations currently apply.
- Tapping SPR may provide short-term political relief for the President, but it will endanger our long-term energy security.
- Instead, Congress should focus on increasing American energy production by developing untapped reserves in the Gulf of Mexico, Alaska, and the Outer Continental Shelf.

MYTH: The high price of gasoline is because big oil companies are making big profits. We should cut \$4 billion in their tax subsidies and invest in “clean energy.”

FACT:

- Almost 68 percent of the price of a gallon of gasoline is derived directly from the price of oil. About 17 percent of the price of a gallon of gasoline is federal and state taxes and the

rest pays for refining and distribution of gasoline, as well as investments to find new supplies and provide new jobs.

- Failure to produce domestic energy supplies – along with global turmoil and competition for supplies with developing nations – have driven up the price of oil.
- Taxing U.S. energy producers will only make the price of gasoline higher for families and job creators because companies must pass taxes on to customers in order to stay in business.
- It is already cheaper to have more than half of U.S. oil consumption produced somewhere else (also known as “foreign imports”). Taxing U.S. energy production will only put domestic producers at a disadvantage.

TAX SUBSIDIES:

MYTH: Oil companies receive unfair government subsidies.

FACT:

- Increasing taxes on American energy producers will not lower gasoline prices. President Obama’s proposal to raise taxes on American energy production will increase energy prices, destroy American jobs and increase our dependence on foreign energy.
- The dirty little secret deep inside the Obama administration’s budget justification books is that raising these taxes is intended to prevent the “overproduction of oil,” which the administration says is “detrimental to long-term energy security and is also inconsistent with the Administration’s policy of reducing carbon emissions and encouraging the use of renewable energy sources.”
- In other words, the Obama Administration thinks the U.S. – which imports most of its oil – should not do anything to increase production of oil, because it is inconsistent with their policies.
- Expanding American energy production is the best way to generate new revenue to help pay down the national debt.

U.S. OIL RESERVES:

MYTH: The United States controls only 2 percent of the world's oil reserves.

FACT:

- To claim America has just two percent of the world's 'reserves' is misleading. In fact, the United States is blessed with the largest amount of fossil energy 'resources' in the world. According to a Congressional Research Service (CRS) [report](#), the United States combined recoverable oil, natural gas, and coal resources is the largest in the World – outranking Saudi Arabia, China and Iran.
- The 2 percent figure ignores the majority of America’s energy resources. It is a narrow estimate based on the United States’ proven oil reserves – currently measured at 19.1 billion barrels of oil. However, according to the [CRS](#) the U.S. actually has 145.5 billion barrels of recoverable oil.
- Total recoverable energy reserves for the United States (combining oil, natural gas and coal) is 1.3 trillion barrels of oil equivalent – the largest in the world.

- This number does not even take into account the large oil shale reserves in the United States. The [United States Geological Survey](#) (USGS) estimates that our oil shale reserves could be greater than 1.5 trillion barrels of oil. This is five times larger than Saudi Arabia's proven reserves.

NORTH AMERICAN OIL RESERVES:

MYTH: We need to immediately decrease our dependence on oil because the only place we can import oil from is the Middle East.

FACT:

- In addition to the significant untapped resources onshore and offshore in the U.S., our North American neighbors are home to vast energy resources.
- The Keystone XL pipeline project, which would extend a pipeline from the Alberta, Canada oil sands into the U.S., would give us access to the second largest oil reserves in the world.
- Unfortunately, progress on the Keystone XL pipeline has been stalled by the Environmental Protection Agency and State Department, which still has not granted the permits for construction to proceed.

OIL & NATURAL GAS PRODUCTION:

MYTH: Because of the Obama Administration, oil production last year rose to its highest level since 2003.

FACT:

- Oil production projects typically take years for development. Therefore, seeds for today's production were planted years before the Obama administration.
- Indeed, the Obama Administration's actions have caused domestic energy production to decrease. For example, President Obama essentially re-imposed until 2017 the moratorium that President Bush lifted in 2008.
- In 2007, the U.S. Energy Information Administration (EIA) [projected](#) total 2010 U.S. oil production on federal lands to be 850 million barrels. Today's actual production on federal lands is 714 million barrels, a 16 percent decline from what was projected. If it wasn't for the Obama Administration, the U.S. would be producing more energy.
- This is why FUTURE projections show a decline in U.S. production and an increase in imports. On March 8, 2011 the EIA [published new projections](#) that show a decline in total U.S. crude oil production of 110,000 barrels per day in 2011 and 130,000 barrels per day in 2012.

MYTH: Onshore oil production from public lands has increased over the last year.

FACT:

- The slight increase in onshore production from federal lands is due to lease sales approved by previous Administrations—not the Obama Administration.

- Since taking office, the Obama Administration has slowed onshore energy development on public lands and issued fewer leases.
- In 2008 there were [2,416](#) new oil and natural gas leases issued on Bureau of Land Management (BLM) land spanning [2.6 million acres](#). In 2010, under the Obama Administration, the number of new leases issued dropped to [1,308](#) and acres leased dropped to [1.3 million](#).

USE IT OR LOSE IT

MYTH: Companies are sitting on millions of acres oil and natural gas leases that they are failing to produce.

FACT:

- The Obama Administration is attempting to resurrect the old “use it or lose it” MYTH to deflect criticism from their own policies that are blocking American energy production.
- The existence of “non-producing” leases reflects the long-lead time required to explore and develop prospects. The designation “developed” or “producing” simply captures the final results of a long and costly process.
- Unfortunately, not all federally leased acres are equal when it comes to resource production. More than a majority of leases never result in production simply because they do not contain commercial hydrocarbons.
- Under current federal law, if the Company does not develop the lease within a certain period of time, it must return it to the federal government, forfeiting all of its costs.
- Regardless of whether or not oil and natural gas is found, the taxpayers still get paid. Every year a company holds a lease, they pay the federal government.